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Environmental accounting

Report of the Secretary-General

Summary

The present report was prepared at the request of the Statistical Commission at its thirty-sixth session.[*] it presents the conclusions of the preliminary meeting of the Committee of Experts on Environmental-Economic Accounting. It reviews the Committee's long-term objectives, programme of work and governance structure. Points for discussion are provided in paragraph 32.

[*] *Official Records of the Economic and Social Council, 2005, Supplement No. 4* (E/2005/24), chap. I.B.

* E/CN.3/2006/1.

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I. Introduction

1. At its thirty-sixth session, in March 2005, the Statistical Commission endorsed the proposal of the creation of a Committee of Experts on Environmental-Economic Accounting. In particular, the Commission:

(a) Endorsed the creation of a Committee on Environmental-Economic Accounting and noted that the Committee should be regarded as having a programme of work with a long-term perspective;

(b) Recognized the potential of the Committee to mainstream environmental accounting;

(c) Expressed its appreciation for the good work being carried out by the London Group on Environmental Accounting and reconfirmed its role as an expert body in charge of methodological issues, which would support the work of the Committee;

(d) Noted the complementarities of the Committee on Environmental-Economic Accounting and the Intersecretariat Working Group on Environment Statistics;

(e) Requested that the terms of reference of the Committee be prepared and submitted to the Bureau of the Commission for its approval, taking into consideration the terms of reference of the London Group and the Intersecretariat Working Group on Environment Statistics so as to avoid overlap and ensure close collaboration mechanisms among the three main groups;

(f) Stressed the importance of promoting environmental accounting in the user community and taking on board users' needs;

(g) Recognized the need for assisting countries in the implementation of environmental-economic accounting through the development of detailed compilation manuals and coordinated technical assistance programmes;

(h) Stressed the need for those developments to proceed in parallel with the improvement of environment statistics.

2. The United Nations Statistics Division organized a preliminary meeting of the Committee of Experts on Environmental-Economic Accounting in New York from 29 to 31 August 2005. At the meeting, participants agreed on terms of reference for the Committee, formulated its long-term objectives, developed its programme of work, and agreed on its governance. The terms of reference for the Committee were approved by the Bureau of the Statistical Commission in November 2005 and are contained in the annex.

3. The present report summarizes the conclusions of the preliminary meeting and requests the Statistical Commission's view on the role and future work of the Committee. Points for discussion are provided in paragraph 32.

II. Objectives and programme of work of the Committee

4. At its preliminary meeting, the Committee agreed on its overall objectives, namely: (a) to mainstream environmental-economic accounting and related statistics, (b) to elevate the *System of Integrated Environmental and Economic Accounting* (SEEA) to an international statistical standard,[1] and (c) to advance the implementation of SEEA at the global level.

5. In order to achieve the above objectives, five components for the programme of work of the Committee have been identified: coordination; promotion of the accounts; implementation of SEEA; methodological research; and harmonization of data collection activities with environmental-economic accounting concepts and definitions. The different components of the programme of work are discussed below.

A. Coordination

6. The Committee should foster coordination, integration and complementarity of programmes in environmental-economic accounting and related statistics among international agencies and countries. Leadership, a single focal point and a coordinated vision among international agencies active in the field of environment are considered necessary to raise the profile of environmental-economic accounting and related statistics.

7. The Committee, within its mandate, has an umbrella function in coordinating and providing vision, direction and prioritization to ensure that existing groups work in complementary fashion. Those groups include the London Group on Environmental Accounting, the Oslo Group on Energy Statistics, the Intersecretariat Working Group on Environment Statistics and the Intersecretariat Working Group on Energy Statistics and other expert groups that may be established within the scope of the Committee's mandate.

B. Promotion of the accounts

8. Environmental-economic accounting and related statistics are relatively new areas of statistics. The Statistical Commission has underscored the need to raise awareness of the uses of the accounts through the promotion of environmental-economic analysis and to formulate international priorities based on user needs. To that end, the Committee should promote compilation, harmonization and dissemination practices for environmental-economic accounting and related statistics in order to meet user needs. Among others, closer links should be fostered between the accounts and indicators, including links with sustainable development indicators, Millennium Development Goals indicators and indicators used in poverty reduction strategy papers.

9. User-producer dialogues would be organized to advance the implementation, dissemination and use of environmental-economic accounts as part of national statistical programmes.

C. Implementation of SEEA

10. The Committee would advance the implementation of SEEA 2003 in countries, starting from a set of simplified, standard tables and working towards more complex and data demanding tables. The Committee would foster exchanges of best practices in environmental-economic accounting among countries with experience in the area, focusing not only on the compilation of the accounts but also on their uses in policymaking.

11. The Committee would maintain close communication and collaboration with the regional commissions and other regional bodies in order to further the implementation and promotion of SEEA in the various regions.

12. In order to assess the current status of international and national implementation of environmental-economic accounting and related statistics, priorities and future plans, a scope and compliance survey would be developed under the aegis of the Committee and sent to all countries and international organizations.

D. Methodological research

13. SEEA 2003 has been issued as a handbook of national accounting in a white cover format and will be published by the United Nations, the European Commission, the International Monetary Fund, the Organization for Economic Cooperation and Development and the World Bank. It represents a major step forward in the harmonization of concepts and methods in environmental-economic accounting. In the light of that achievement, the Committee endorsed the update of SEEA 2003 to allow its release as an international standard by 2010. It stressed the importance of linking the release of SEEA with the release of other international standards, such as the updated 1993 SNA and the revised *Balance of Payments Manual*, which will be issued in 2008.

14. The Committee would develop a programme of research focusing on refining and clarifying those issues that would permit elevating it to the level of a statistical standard, as well as a longer-term research agenda covering those issues that are considered important but will not be resolved before 2010.

15. The Committee would prioritize the issues, identify working groups to resolve them (including the London Group on Environmental Accounting, the Oslo Group on Energy Statistics, the Intersecretariat Working Group on Environment Statistics, the Intersecretariat Working Group on Energy Statistics, electronic discussion groups and other expert groups), monitor progress of the working groups, review their recommendations and report to the Statistical Commission on the proposed solutions.

16. Elevating SEEA to the level of an international statistical standard would imply an agreement on a framework of definitions, classifications, accounts and tables to be compiled at the global level. A quality assessment framework, based on quality frameworks for other statistical standards, such as the 1993 SNA and the *Balance of Payments Manual*, fifth edition, could be developed for SEEA. Quality frameworks include the integrity and methodological soundness of the framework of

accounts and tables, classifications, concepts and documentation of data sources (metadata).

E. Harmonization of data-collection activities with environmental-economic accounting concepts and definitions

17. To date, environment statistics and accounting have developed along separate tracks. Methodological advances and experience in implementation suggest the need to bring environment statistics closer to the concepts, definitions and classifications of environmental-economic accounting. Harmonizing environment statistics and environmental-economic accounting concepts, definitions and classifications would introduce statistical checks and balances in the data and produce consistent data systems from individual sets of environment statistics across time and countries. The consistency of the environmental and economic information of SNA add considerable value to both the environmental and economic information and improve the quality of both statistics.

18. The Committee would establish a programme of work that identifies differences and similarities between the environment statistics questionnaires and the accounting tables and devise a strategy to bring data collection into line with accounting concepts and definitions. A minimum set of standard tables would be designed and applied to as many countries as possible. In addition, more detailed tables should be developed for countries in more advanced stages of development of environment statistics and accounting. Where the accounting concepts differ from environment statistics concepts, supplementary tables for data collection should be developed.

19. The Committee would develop a joint work programme with the Intersecretariat Working Group on Environment Statistics and the Intersecretariat Working Group on Energy Statistics to further the harmonization of data-collection activities with environmental accounting concept and definitions.

III. Governance structure

20. The Committee would report to the Statistical Commission on an annual basis. It would report progress made in its activities, including progress made by the various city groups, intersecretariat working groups and other groups working with the Committee within its mandate.

21. The Committee would develop and approve a long-term programme and annual work programme that reflect its ongoing priorities and objectives. In its activities, the Committee would seek support of existing groups (the London Group on Environmental Accounting, the Intersecretariat Working Group on Environment Statistics, the Oslo Group on Energy Statistics and the Intersecretariat Working Group on Energy Statistics etc.). In addition, technical expert groups, including electronic discussion groups, should be created under the aegis of the Committee, as needed. Such groups would be given detailed terms of reference, an agreed timetable for delivering outputs and a Chair responsible for monitoring discussions and submitting written contributions to the Committee.

22. To ensure proper dissemination of the activities and transparency in the implementation of the programme of work of the Committee, the United Nations Statistics Division would develop over time a website that would serve as a knowledge management platform on environmental-economic accounting and related statistics for the dissemination and sharing of information (good practices, methodologies, training material, case studies etc.). It would contain all documents for discussion at the meetings of the Committee.

23. A newsletter of the Committee would be developed to ensure wide dissemination and outreach to the broader user community.

Composition

24. High-level institutional representation would be necessary to ensure the strategic role of the Committee in setting priorities, bringing forward a research agenda, taking decisions on standards and developing strategic visions.

25. Members of the Committee would comprise high-level experts who work for national Governments and international organizations and possess a broad range of experience in statistics and the use of the accounts. Also, members would be selected so as to ensure equitable regional representation.

26. Given the wide range of topics covered by the Committee and the need to keep the Committee of a manageable size so as to ensure in-depth discussion, the Committee would initially comprise 25 countries/organizations, with a maximum representation of two experts per country.

27. Members would be named to the Committee for an initial period of three years, which could be renewed.

Chair

28. The Committee would elect a Chair from among its members for a period of three years, renewable for one term. The role of the Chair would be to develop, in close cooperation with the Secretariat, an annual work programme for the Committee; monitor progress of the various components of the programme; and set the agenda for the next meeting. Walter Radermacher, Vice-President of the Federal Statistical Office of Germany, was elected Chair of the Committee during its preliminary meeting.

Secretariat

29. The permanent secretariat of the Committee would be the United Nations Statistics Division. The Division would provide the day-to-day management and coordination and undertake all internal and external communication. In cooperation with the Chair, the Division would coordinate, monitor and report on the activities of the technical expert groups, organize meetings, develop the agenda for meetings, maintain the Committee website and issue its newsletter.

Periodicity of Committee meetings

30. The Committee would have a face-to-face meeting once a year. In special circumstances, ad hoc face-to-face meetings could be organized. The meetings will be organized back-to-back with other meetings that are likely to be attended by

high-level representatives of countries/organizations. In between meetings, electronic discussions would be the preferred method of consultation.

Financing

31. In order to support the activities of the Committee and its smooth and efficient operation, external funding would have to be secured in order to support the Secretariat of the Committee. The United Nations Statistics Division would take the lead in securing funds and would create a trust fund.

IV. Points for discussion

32. **The Commission may wish to express its views on the role and future work of the Committee of Experts on Environmental-Economic Accounting.**

Notes

The term "international statistical standard" implies an agreement on a framework of definitions, classifications, accounts and tables to be compiled at the global level.

Annex

Terms of reference of the Committee of Experts on Environmental-Economic Accounting

1. The Committee of Experts on Environmental-Economic Accounting was established by the Statistical Commission at its thirty-sixth session, in March 2005. Its overall objectives are: (a) to mainstream environmental-economic accounting and related statistics; (b) to elevate the *System of Integrated Environmental and Economic Accounting* (SEEA) to an international statistical standard; and (c) to advance the implementation of the SEEA in countries. To achieve these objectives, the Committee's programme of work will focus on the following:

(a) Ensure coordination, integration and complementarity among programmes in environmental-economic accounting and related statistics among international organizations and countries;

(b) Encourage the use of environmental-economic accounting in countries in support of decision-making through technical recommendations on the compilation, harmonization and dissemination of the accounts, linking the accounts to indicators and developing a closer relationship between the users and producers of environmental-economic accounts and related statistics;

(c) Further methodologies in environmental-economic accounting and statistics through identifying and prioritizing issues that need to be addressed, establishing appropriate mechanisms to address those issues, monitoring progress made, reviewing proposed solution and submitting recommendations to the Statistical Commission for approval;

(d) Advance the implementation of SEEA in developed and developing countries;

(e) Work towards the harmonization of data-collection activities of environment and related statistics with concepts and definitions of environmental-economic accounting, including the assurance of data quality.

2. The Committee will bring to the attention of the United Nations Statistics Division and the Statistical Commission any new developments that impact the compilation of environmental-economic accounting and work on developing standards and, whenever that is not possible, best practices.

3. The Committee has an umbrella function in providing overall vision, coordination, prioritization and direction in the field of environmental-economic accounting and related statistics. The Committee will ensure that existing or new groups working in environmental accounting and related statistics will work in a complementary fashion with the Committee.

4. The selected members of the Committee comprise high-level experts from national Governments and international organizations with a broad range of experience in statistics and in the uses of environmental-economic accounts. Members would also be selected so as to ensure equitable regional representation.

5. The Committee will elect a Chair, who will serve for a three-year-period, renewable once for an additional three years.

6. The United Nations Statistics Division will serve as the permanent secretariat of the Committee. It will provide the day-to-day management and coordination and undertake all internal and external communication on behalf of the Committee. In cooperation with the Chair, the secretariat will coordinate, monitor and report on the activities of the various expert groups, organize meetings, develop the agenda for the meetings, maintain the Committee website and issue a newsletter.

7. The Committee will prepare an annual report for submission to the Statistical Commission. It will report progress made in its activities, including progress made by the various city groups, intersecretariat working groups and other groups working with the Committee, within its mandate.